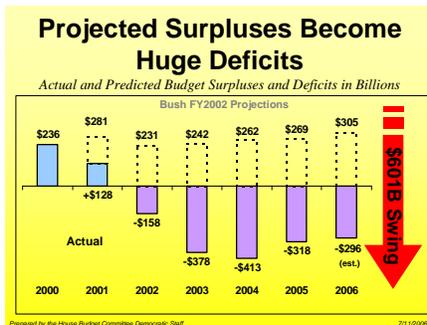


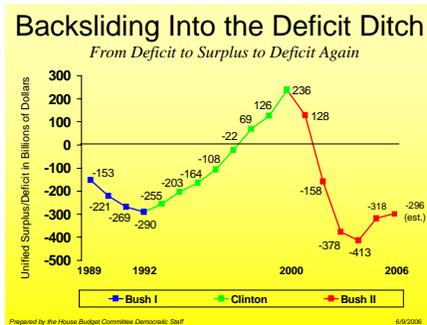
A Selection of Popular Charts



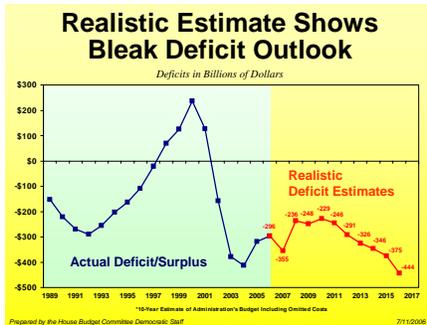
Another Record Deficit – The four largest deficits in history (\$413 billion, \$378 billion, \$318 billion and \$296 billion) have occurred since 2003. The fifth largest deficit in history, \$290 billion, occurred in 1992 - the last year of George H.W. Bush's term. The Administration predicts the 2007 deficit will be \$339 billion, which would replace 2005 as the third worst deficit in history.



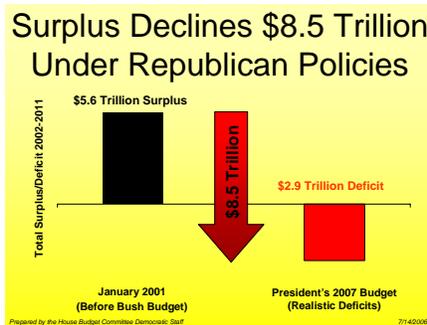
Projected Surpluses Become Huge Deficits – With his 2002 budget, President Bush submitted projections of annual surpluses under his fiscal plan. Rather than producing surpluses every year as predicted, President Bush's budgets have created deficits, with a swing of over \$600 billion in 2006 alone. Over the 2001 to 2006 period, deficits have fallen short of the President's 2002 budget projections by over \$3 trillion.



Backsliding Into the Deficit Ditch – The Clinton Administration transformed a \$290 billion deficit into a \$236 billion surplus by 2000. The current Administration has converted that surplus back into record deficits.



Realistic Estimate Shows Bleak Deficit Outlook – The Administration's goal of cutting the deficit in half in five years implies that the deficit is on a glidepath to balance. As this chart shows, that is certainly not the case. When full repair of the AMT and ongoing costs for the war are included in a ten-year projection of the President's budget, the deficit never gets better than \$229 billion.



Surplus Declines \$8.5 Trillion Under Republican Policies – In January 2001, CBO projected the surplus for 2002-2011 would be \$5.6 trillion. The President's 2007 budget produces a deficit of \$2.9 trillion when omitted items are included, a swing of \$8.5 trillion in the wrong direction. Rather than preserving surpluses to shore up Social Security or pay down the national debt, Republican budgeting has replaced surpluses with deficits.

Republicans Nearly Double the Debt Limit

Debt Limit When Bush Took Office	\$5.95 Trillion	
Increases	June 2002	\$6.40 Trillion
	May 2003	\$7.38 Trillion
	November 2004	\$8.18 Trillion
	March 2006	\$8.97 Trillion
	FY07 Budget Resolution	\$9.62 Trillion
Debt Limit Under Republicans by 2011	\$11.3 Trillion	

Prepared by the House Budget Committee Democratic Staff

5/24/2006

Republicans Increase the Debt Limit by \$3.7 Trillion

Debt Limit Increases, Billions of Dollars

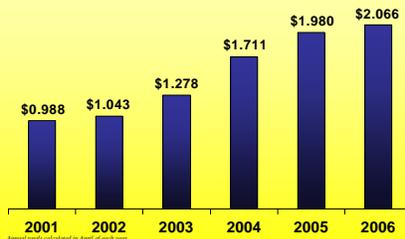
June 2002	\$450
May 2003	\$984
November 2004	\$800
March 2006	\$781
House Budget Res. Level	\$653
Total Increases	\$3,668

Prepared by the House Budget Committee Democratic Staff

5/21/2006

Amount of Foreign-Held Debt More Than Doubles Under Bush Administration

Trillions of Nominal Dollars



Annual levels calculated in April of each year

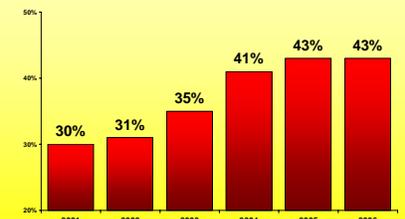
Prepared by the Democratic Staff of the House Budget Committee

Source: U.S. Treasury International Capital System

7/1/2006

Share of Debt That Is Foreign-Owned Rises to 43% During Bush Administration

Percentage of Public Debt Held By Foreign Investors



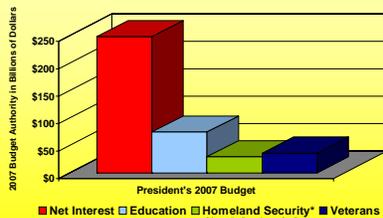
Annual levels calculated in April of each year

Prepared by the Democratic Staff of the House Budget Committee

Source: U.S. Treasury

7/1/2006

Interest Payments on Debt Dwarf Other Priorities



Prepared by the Democratic Staff of the House Budget Committee

Source: CBO

7/26/2006

Republicans Nearly Double the Debt Limit – When President Bush took office, the statutory limit on the federal debt stood at \$5.950 trillion. Four increases since then – in June 2002, May 2003, November 2004, and March 2006 – have brought the debt limit to its current level of \$8.965 trillion. Under the budget passed by House Republicans this year, the debt limit in 2011 will be nearly double the level from 2001.

Republicans Increase the Debt Limit by \$3.7 Trillion – In his 2002 budget, the President declared the debt limit would not have to be raised until 2008 under his policies. Instead, the debt limit has been raised four times during his tenure thus far and it will have to be raised again. The House-passed 2007 budget resolution calls for a \$653 billion debt limit increase, bringing the increase under this Administration to \$3.7 trillion.

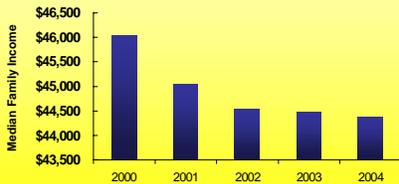
Amount of Foreign-Held Debt More Than Doubles Under Bush Administration – Since President Bush took office, foreign-held debt has increased from \$1.0 trillion to \$2.1 trillion, meaning that the Bush Administration has already accrued more foreign debt than the previous 42 presidents combined. Interest payments on foreign-held debt flow outside the United States and reduce Americans' standard of living.

Share of Debt That Is Foreign-Owned Rises to 43% During Bush Administration – In 2001, 30 percent of the public debt was held by foreign investors; in 2006, that figure had grown to 43 percent. Unlike deficits in earlier years, current deficits have been primarily financed by foreign investors, with the rise in foreign-held debt equaling three-fourths the increase in publicly held debt since the start of this Administration.

Interest Payment on Debt Dwarf Other Priorities – Every dollar spent on interest on the national debt is a dollar that doesn't educate a child, build a road, or keep the nation secure. Because of recent record deficits, the government's annual interest payment is the fastest growing category of federal spending over the next five years, and has posted double-digit percentage growth for the past two years.

Typical Family Income Decreases Every Year Under Bush

(Inflation-Adjusted Median Family Income)



Prepared by HRC Democratic Staff Source: U.S. Census Bureau 2/28/2006

Typical Family Income Decreases Every Year Under Bush

– Despite large tax cuts, Americans are not seeing higher incomes under current policies. Average annual household income has decreased by \$2,100, after accounting for inflation, over the course of the Bush Administration. Under the Clinton Administration families experienced gains; inflation-adjusted average annual household income grew by \$11,400.

President's Remaining Tax Agenda Costs \$2.9 Trillion

Revenue Effects Only	Cost: \$1,591 Billion
	Interest: \$247 Billion
Outlay Effects	Cost: \$74 Billion
	Interest: \$11 Billion
AMT Repair (Minus President's 1-Year Patch)	Cost: \$838 Billion
	Interest: \$163 Billion
Revenue Effects, Outlay Effects & AMT Repair	Cost: \$2503 Billion
	Interest: \$420 Billion
Total Deficit (2007-2016):	\$2.923 Trillion

Prepared by the Democratic Staff of the House Budget Committee 7/11/2006

President's Remaining Tax Cut Agenda Costs \$2.9 Trillion

– Lower receipts under the Administration's tax cut agenda will cost \$1.6 trillion over ten years (2007-2016). But when outlay effects of tax policies (such as refundable tax credits), the cost of full repair of the alternative minimum tax (AMT), and debt service are factored in, the price tag for the President's tax agenda rises to \$2.9 trillion.

The President's 2007 Budget - The Mid-Session Review

Billions of Dollars	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2007-2016	2007-2016
OMB Estimate with regulatory impact	-336	-222	-193	-142	-121	-113	-108	-112	-110	-104	-101	-269	-269
Reconciliation Tax Cut Revisions	-11	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	-24	-24
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Remaining Baseline Deficits	-347	-224	-193	-142	-121	-113	-108	-112	-110	-104	-101	-269	-269
The President's Budget													
Tax Policies	-8	-24	-43	-61	-76	-87	-97	-107	-117	-127	-137	-167	-167
Entitlement Cuts	-3	-1	0	14	13	17	18	18	24	32	40	194	142
Social Security Privatization	0	0	0	-1	-1	-2	-2	-2	-2	-2	-2	-12	-12
General Appropriations	0	-7	-20	-32	-38	-38	-35	-35	-36	-36	-37	-369	-311
Non-Defense Appropriations	0	-4	9	20	29	41	45	45	49	51	52	342	332
2008 Supplemental (P.R. 400)	-24	-43	-59	-7	-4	-1	0	0	0	0	0	-171	-170
2007 War Funding	-1	-24	-52	-4	-1	0	0	0	0	0	0	-101	-100
2007 and 2008 War Funding - New	-1	-25	-51	-24	-7	-2	-2	-2	-2	-2	-2	-130	-129
Total Changes	-36	-141	-142	-79	-49	-117	-122	-141	-168	-188	-206	-244	-243
OMB Estimate	-383	-365	-335	-211	-171	-121	-103	-102	-100	-94	-91	-293	-293
Revisions to OMB Baseline Review	-296	-239	-192	-137	-123	-127	-110	-109	-109	-104	-101	-269	-269
OMB Estimate													
Revised AMT	-18	-45	-65	-85	-101	-117	-134	-151	-168	-185	-202	-236	-237
Changing Military Operations**	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Changes	-18	-45	-65	-85	-101	-117	-134	-151	-168	-185	-202	-236	-237
Deficits with Revised Items	-365	-310	-270	-226	-202	-200	-191	-191	-190	-184	-181	-292	-292
Deficits with Revised Items Excluding the Social Security Example	-473	-333	-282	-232	-202	-184	-184	-184	-184	-184	-184	-292	-292

Baseline estimates exclude the costs, gains or neither or net negative items that apply when:
 * Taxable income, because alternative policies assumed in Reconciliation have been removed.
 ** OMB estimate of policy reduction by amounts included in the President's Budget.

The President's 2007 Budget - The Mid-Session Review

– Because it omits costs such as fixing the AMT and funding ongoing military operations past 2008, the deficit estimate provided by the Administration is overly optimistic. When realistic adjustments are made for omitted items, annual deficits never improve to better than \$229 billion for any year over the next decade, and by 2016 the deficit grows to \$444 billion.

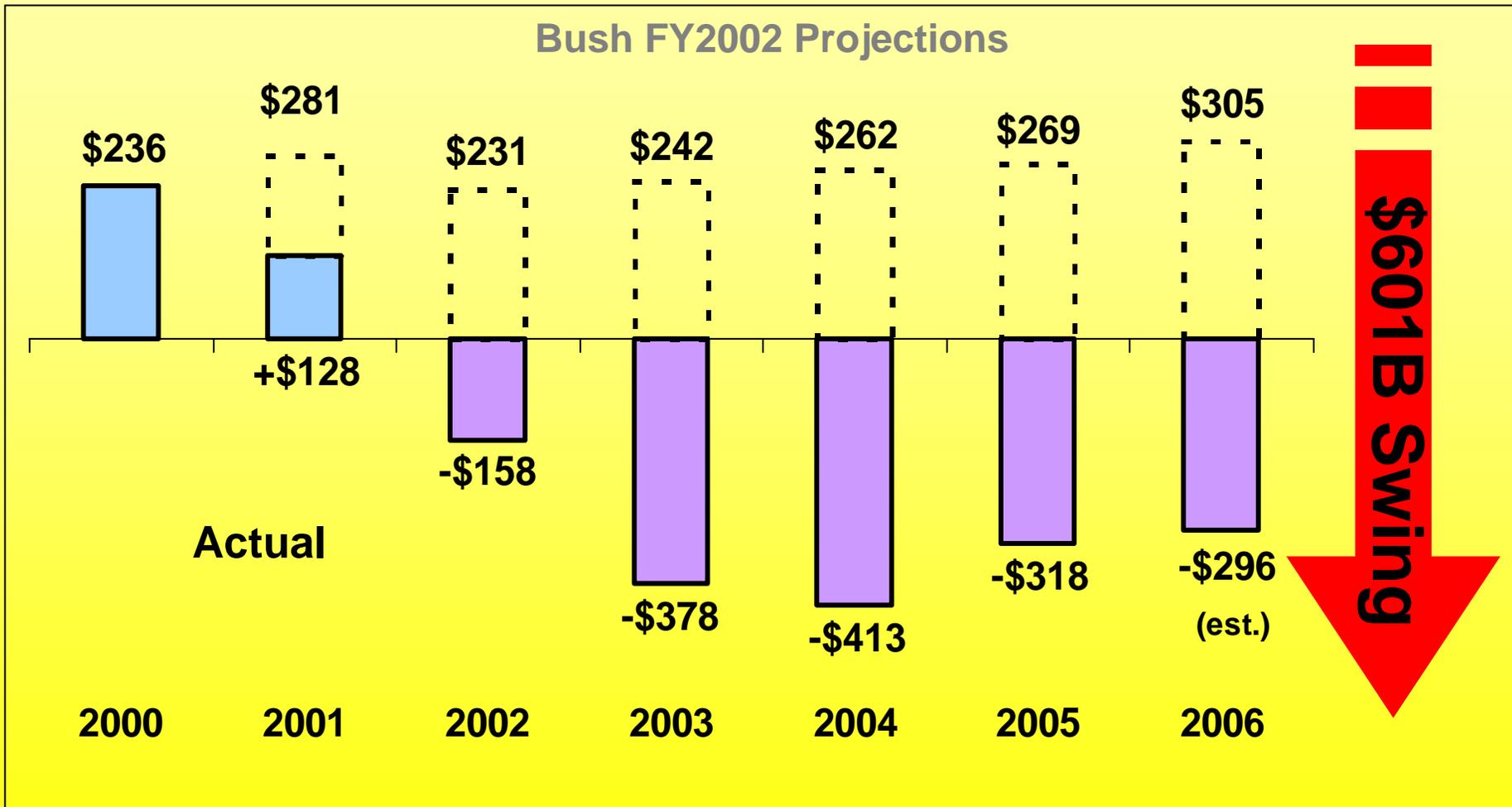
Another Record Deficit

The Four Largest Deficits in History

<u>Rank</u>	<u>Year</u>	<u>Deficit</u>
1 st	2004	-\$413 Billion
2 nd	2003	-\$378 Billion
3 rd	2005	-\$318 Billion
4 th	2006 (est.)	-\$296 Billion

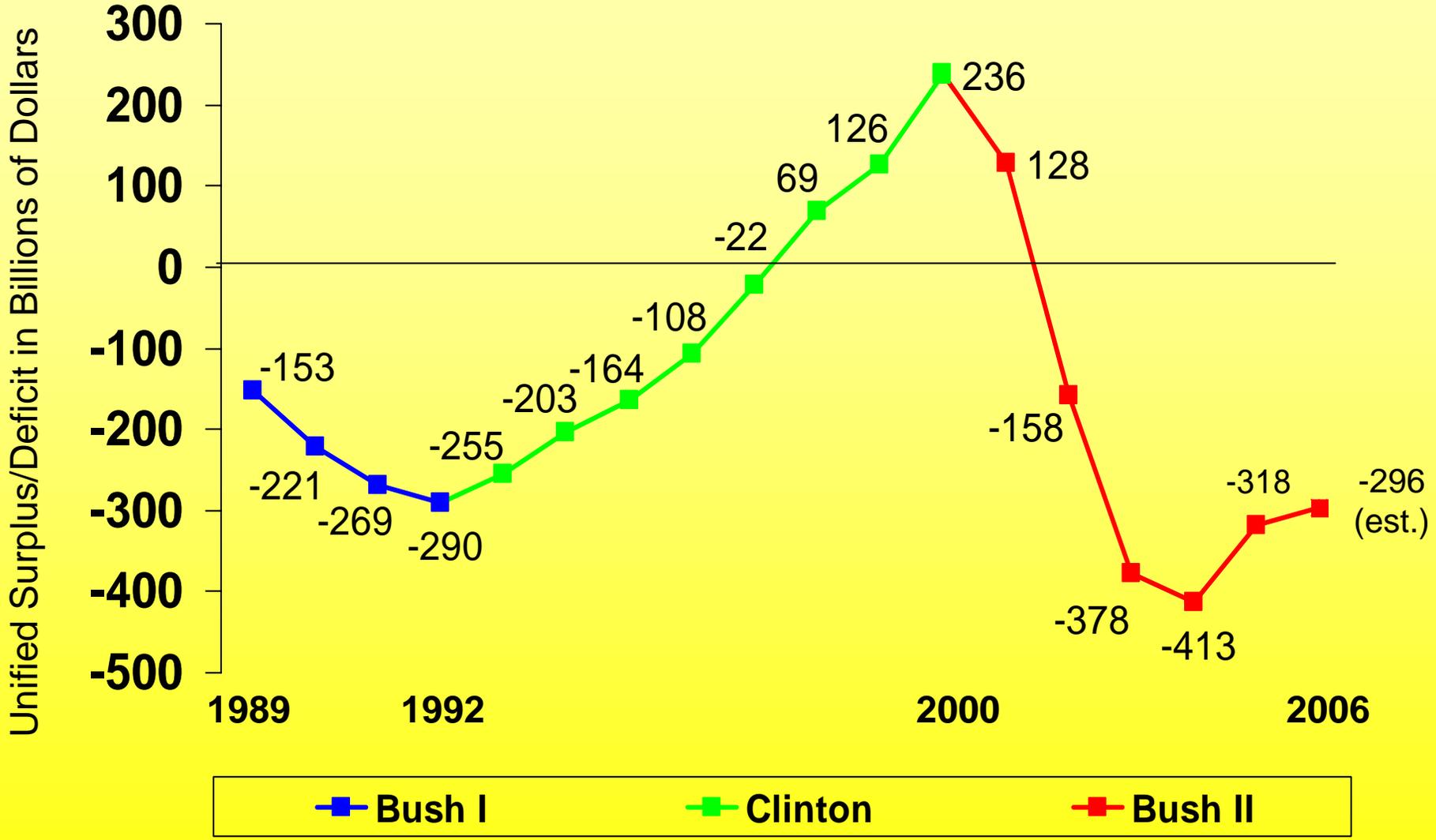
Projected Surpluses Become Huge Deficits

Actual and Predicted Budget Surpluses and Deficits in Billions



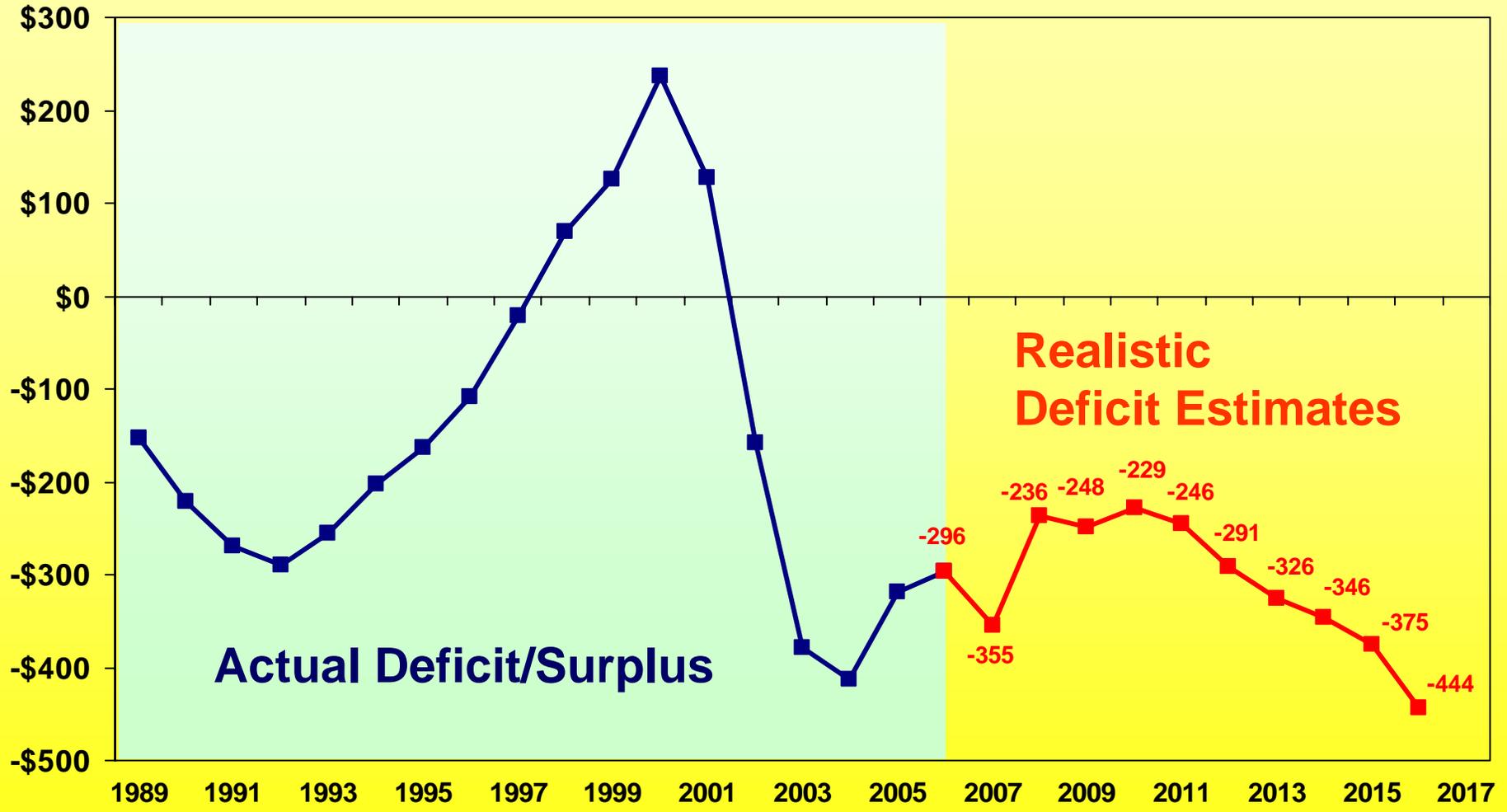
Backsliding Into the Deficit Ditch

From Deficit to Surplus to Deficit Again



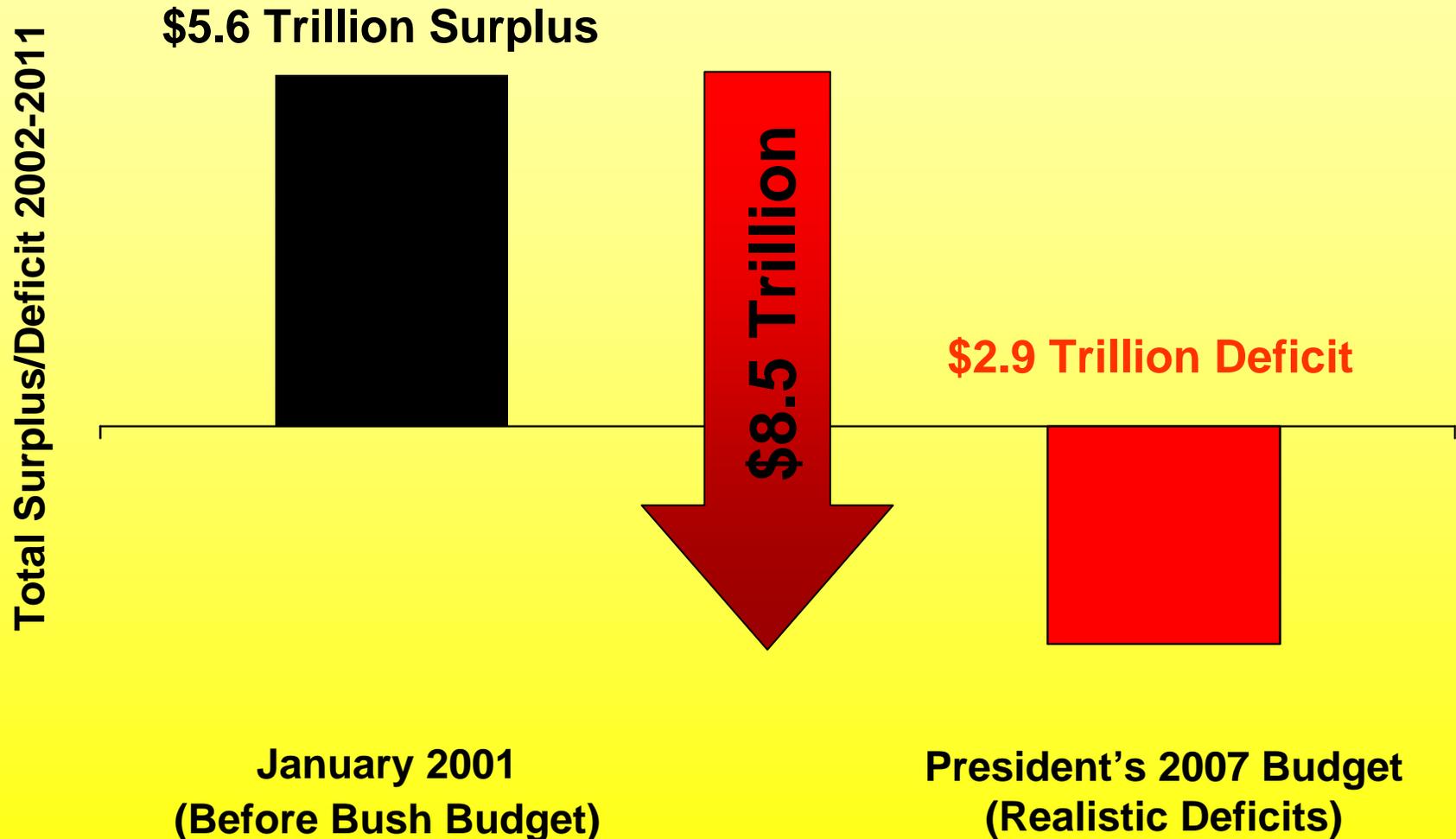
Realistic Estimate Shows Bleak Deficit Outlook

Deficits in Billions of Dollars



*10-Year Estimate of Administration's Budget Including Omitted Costs

Surplus Declines \$8.5 Trillion Under Republican Policies



Republicans Nearly Double the Debt Limit

Debt Limit When Bush Took Office

\$5.95 Trillion

Increases

June 2002

\$6.40 Trillion

May 2003

\$7.38 Trillion

November 2004

\$8.18 Trillion

March 2006

\$8.97 Trillion

FY07 Budget Resolution

\$9.62 Trillion

Debt Limit Under Republicans by 2011

\$11.3 Trillion

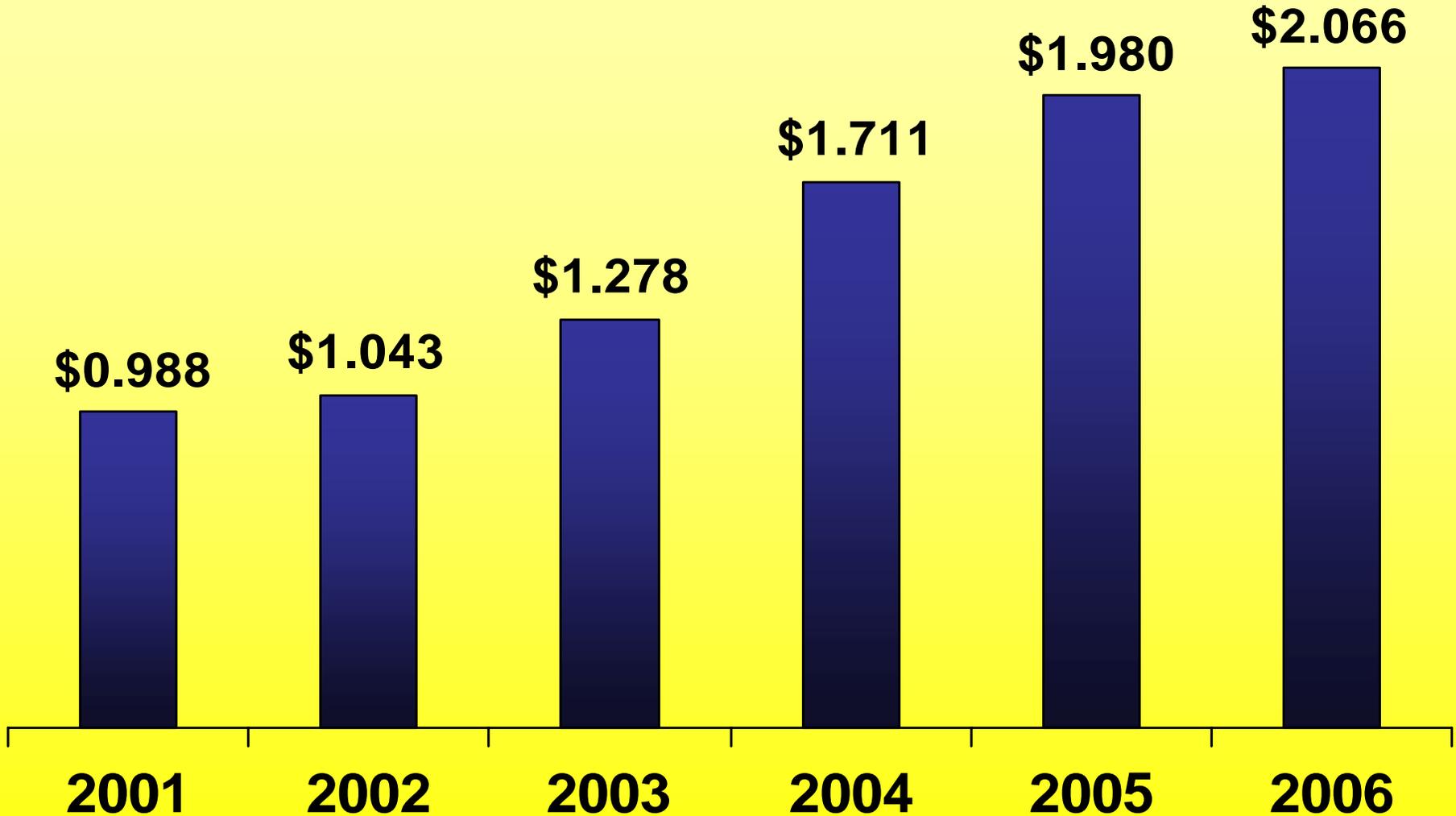
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Debt Limit Increases, Billions of Dollars

June 2002	\$450
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November 2004	\$800
March 2006	\$781
House Budget Res. Level	\$653
Total Increases	\$3,668

Amount of Foreign-Held Debt More Than Doubles Under Bush Administration

Trillions of Nominal Dollars



Annual totals calculated in April of each year

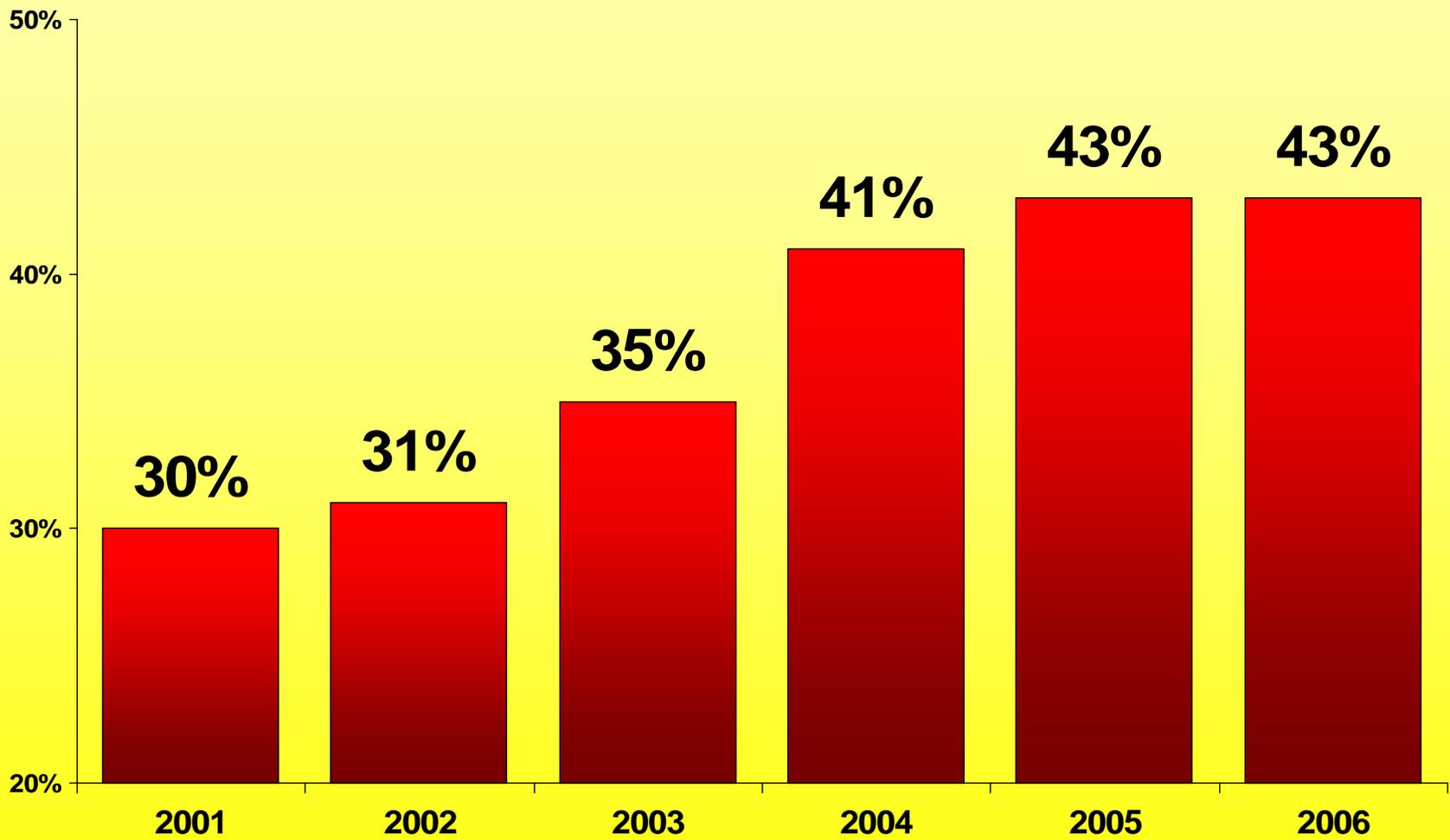
Prepared by the Democratic Staff of the House Budget Committee

Source: U.S. Treasury International Capital System

7/11/06

Share of Debt That Is Foreign-Owned Rises To 43% During Bush Administration

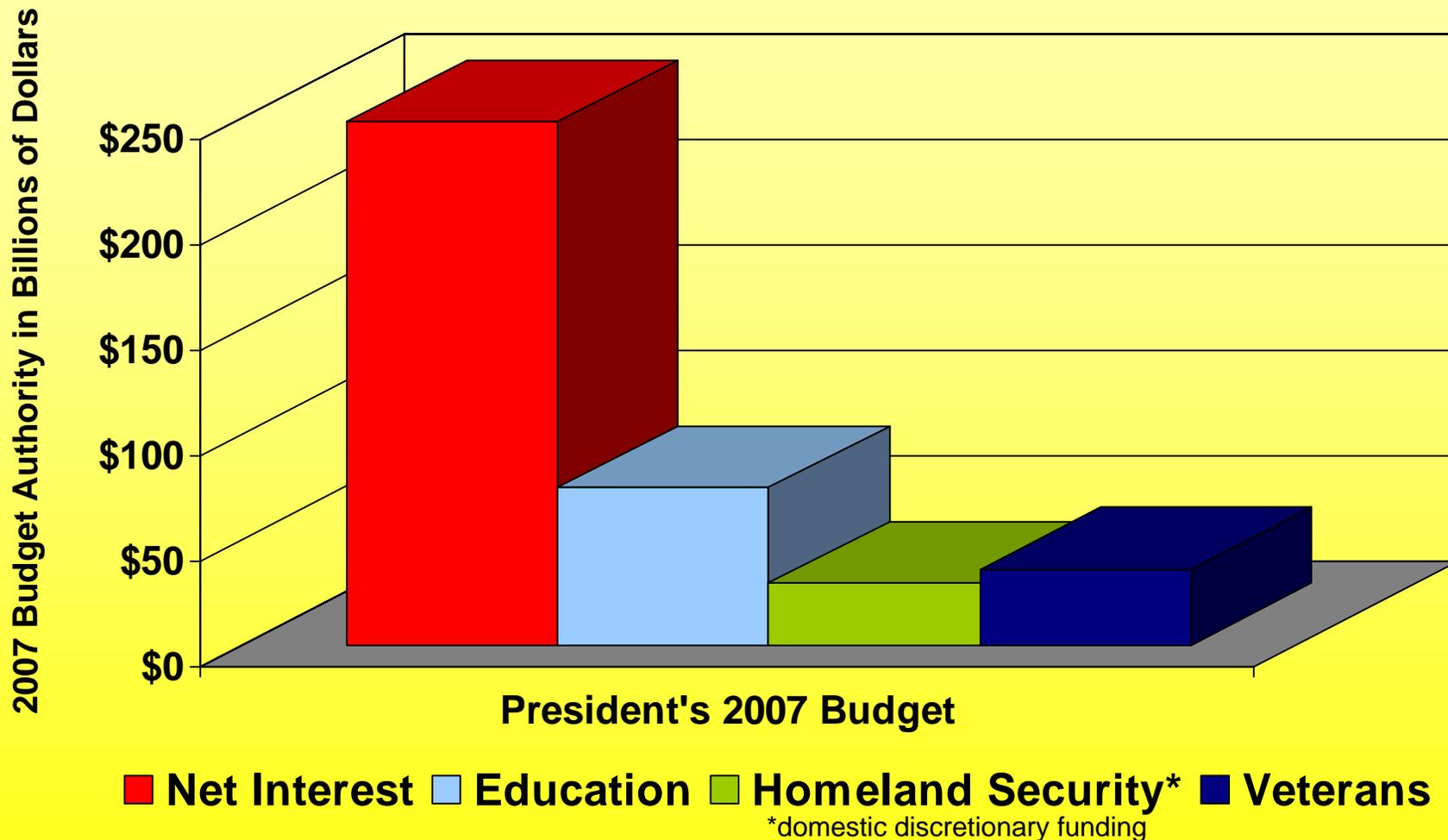
Percentage of Public Debt Held By Foreign Investors



*Annual totals calculated in April of each year
Prepared by the Democratic Staff of the House Budget Committee*

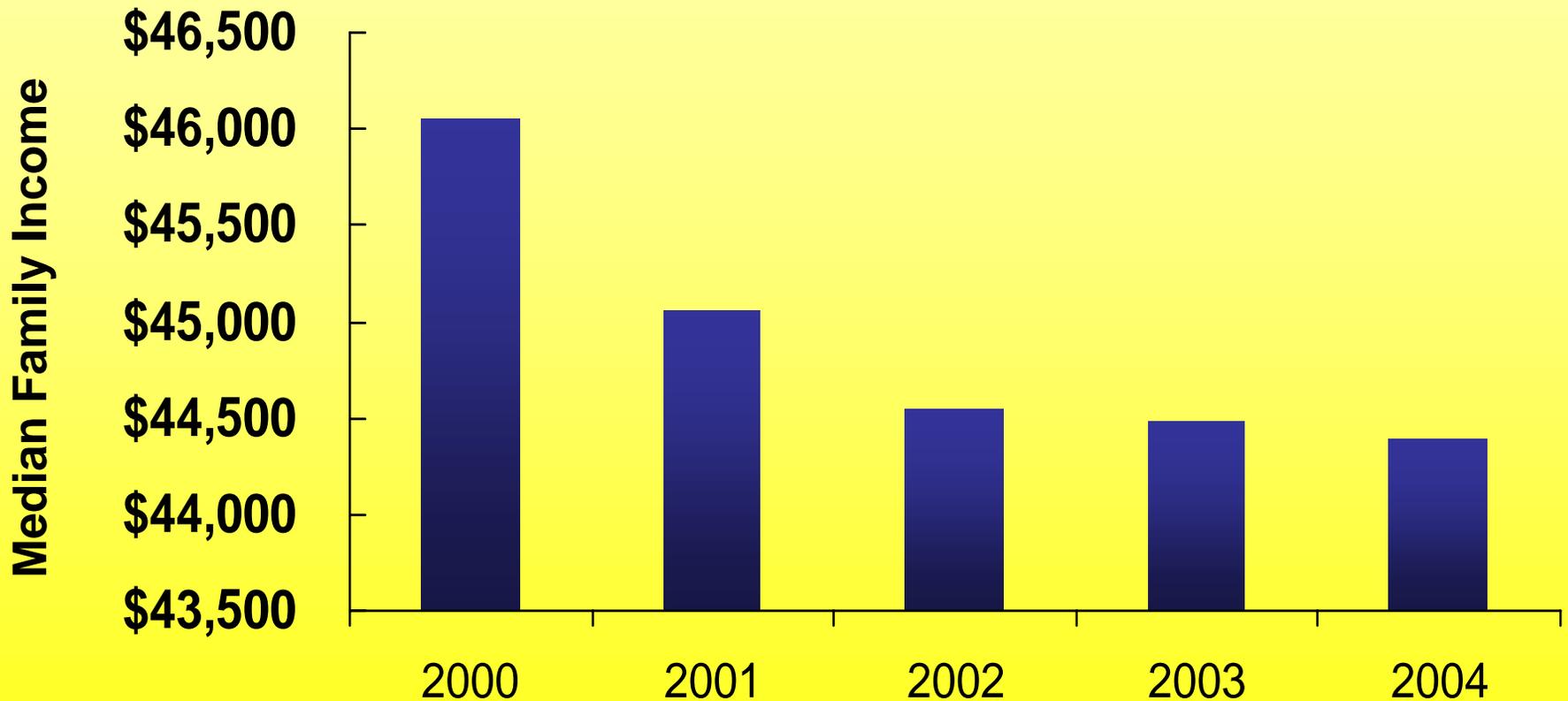
Source: U.S. Treasury

Interest Payments on Debt Dwarf Other Priorities



Typical Family Income Decreases Every Year Under Bush

(Inflation-Adjusted Median Family Income)



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Cost: \$1,591 Billion

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Cost: \$74 Billion

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AMT Repair

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Cost: \$838 Billion

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Revenue Effects, Outlay Effects
& AMT Repair

Cost: \$2503 Billion

Interest: \$420 Billion

Total Deficit (2007-2016):

\$2.923 Trillion

The President's 2007 Budget - The Mid-Session Review

Billions of Dollars

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Total 2007-2016	Total 2007-2011
CBO Baseline w/o repeating supp	-336	-222	-183	-142	-121	-13	168	172	200	224	212	296	-681
Reconciliation Tax Cut Measure	-11	-23	-7	-18	-11	0	0	0	0	0	0	-58	-59
<i>Debt Service</i>	0	-1	-2	-3	-3	-4	-4	-4	-4	-4	-5	-34	-12
Resulting Baseline Deficits	-347	-246	-192	-163	-136	-17	165	168	196	220	208	203	-753
The President's Budget													
Tax Policies*	-9	-31	-13	-31	-26	-157	-274	-267	-278	-291	-305	-1672	-257
Entitlement Cuts	-3	-1	9	14	13	17	16	20	24	32	40	184	52
Social Security Privatization	0	0	0	-1	-1	-18	-38	-55	-61	-66	-72	-312	-19
Defense Appropriations	0	-7	-20	-32	-35	-35	-35	-36	-36	-37	-38	-311	-129
Non-Defense Appropriations	0	1	9	20	29	41	45	48	49	51	53	346	100
2006 Supplemental (H.R. 4939)	-24	-40	-18	-7	-4	-1	0	0	0	0	0	-71	-70
2007 War Funding		-34	-12	-4	-1	0	0	0	0	0	0	-50	-50
2007 and 2008 War Funding - New		-25	-51	-24	-7	-2	-2	0	0	0	0	-110	-108
<i>Debt Service</i>	-1	-5	-11	-15	-18	-23	-35	-50	-66	-84	-103	-409	-72
Total Changes	-36	-141	-107	-79	-49	-177	-322	-341	-368	-395	-426	-2404	-553
Resulting Deficits	-372	-363	-290	-221	-170	-191	-153	-169	-168	-171	-213	-2109	-1235
Deficits in Mid-Session Review	-296	-339	-188	-157	-123	-127							-934
Omitted Items													
Repair AMT**		-16	-45	-55	-66	-77	-88	-101	-114	-130	-147	-838	-257
Ongoing Military Operations**		0	-2	-32	-31	-28	-29	-29	-29	-30	-30	-238	-92
<i>Debt Service</i>		0	-2	-5	-10	-15	-21	-28	-35	-44	-54	-214	-32
Total Changes		-16	-48	-91	-106	-119	-138	-157	-179	-204	-231	-1290	-381
Deficits with Omitted Items	-296	-355	-236	-248	-229	-246	-291	-326	-346	-375	-444	-3098	-1315
Deficits with Omitted Items Excluding the Social Security Surplus	-473	-535	-442	-472	-450	-454	-527	-549	-566	-588	-650	-5234	-2353

Baseline estimates assume tax cuts expire as written in law

negative items make deficits worse

* Includes outlay effects. Amounts reflecting policies enacted in Reconciliation have been removed.

** CBO estimates of policy reduced by amounts included in the President's Budget